

REQUEST FOR PROPOSAL

Issued by:

**Office of the State Auditor
Jackson, Mississippi**

Stephanie Palmertree
Director, Financial and Compliance Division

Submitted by:

Collins, Barr & Hembree, Ltd.
130 Fountains Blvd., Ste 100
Madison, MS 39110

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi
PROPOSAL FOR AUDITING SERVICES
YEAR ENDED JUNE 30, 2018

MISSISSIPPI DEVELOPMENT BANK
A Component Unit of the State of Mississippi

TABLE OF CONTENTS

	PAGE
LETTER OF TRANSMITTAL.....	3
PROFILE OF FIRM	
Description of the Firm	5
Peer Review Participation	5
Certifications	5
Most Recent Peer Review	6
SUMMARY OF PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE	
The Audit Team	8
Firm Experience	8
References	10
Audit Supervision Plan	11
Other Capabilities	11
Individual Resumes	12
UNDERSTANDING OF SERVICES AND PROFESSIONAL FEES	
Scope of Engagement.....	18
Schedule of Professional Fees and Expenses	19



COLLINS, BARR & HEMBREE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

April 19, 2018

Office of the State Auditor
Attention: Jason Ashley
501 North West Street
Suite 801
Jackson, MS 39201

We are pleased to submit this proposal to provide audit and accounting services to Mississippi Development Bank (MDB), a component unit of the State of Mississippi, for the year ended June 30, 2018. Our firm is well qualified to provide these services. We have extensive audit experience and currently serve as independent auditors for numerous clients.

The individuals who will be assigned to this engagement all have substantial governmental audit experience. Our firm has served as independent auditors for Mississippi Development Bank in prior years; therefore, we are very familiar with their operations. We will assign a partner and manager to complete a significant portion of the audit and accounting services. This will allow us to complete the audit with the least disruption and inconvenience to the MDB staff and thus, in the most effective and efficient manner. We have brought together an experienced team that will provide MDB with quality work, in a timely manner and at a reasonable price.

Robbie Barr will serve as partner on this engagement and will coordinate the overall services. He has over 30 years of experience in auditing and accounting and will be actively involved in the planning and fieldwork on the engagement. Rob Hembree has over 15 years of audit experience and will provide a presence during fieldwork and will consult as needed. Todd Rhodus has over 10 years of audit experience and will be responsible for the day to day fieldwork.

Our fees for the annual audit will not exceed \$7,300 based on 73 hours worked. If less time is required, you will be billed the lesser amount. This estimate is based on anticipated cooperation from MDB personnel and the assumption that unusual circumstances will not be encountered during the procedures. If significant additional time is considered necessary, we will discuss it with you before we incur the additional costs. We would be pleased to extend the pricing in this proposal to the years ended June 30, 2019 and June 30, 2020.

We hope we will continue to have the opportunity to work with Mississippi Development Bank. If you have any questions or need any additional information, please let us know.

Sincerely,

COLLINS, BARR & HEMBREE, LTD.

Robbie Barr
Certified Public Accountant

PROFILE OF FIRM

DESCRIPTION OF THE FIRM

Collins, Barr & Hembree, Ltd. is a well-established CPA firm located in Madison, Mississippi. Our firm began in 1976 and was founded on a commitment to quality and personalized service. Auditing services constitute a significant portion of our business. We are specifically committed to the audit of governmental entities, which are a very important part of our audit practice. In addition, we perform a broad range of other accounting, tax and consulting services for numerous clients in various industries.

We have an audit staff of five employees of which four are CPAs. All CPAs are members of the AICPA and MSCP. The individuals who will be assigned to the audit all have substantial governmental audit experience. We have the resources and the expertise to meet or exceed all of your needs. At the same time, our staff will be committed to providing the personalized service that you need and deserve.

We conduct audits in a paperless environment. This allows our firm to improve service to clients by enhancing document security and providing a disaster recovery strategy. We also have access to online research, which allows us to have additional tools to research complex matters and obtain the most up-to-date information in a timely manner.

Collins, Barr & Hembree, Ltd. is a local certified public accounting firm. Our federal employer identification number is 64-0683836. The firm, its partners and all other CPAs are licensed by the State of Mississippi.

PEER REVIEW PARTICIPATION

Collins, Barr & Hembree, Ltd. is enrolled in the AICPA Quality Review Program and completed an on-site review in October 2015. As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and the *Uniform Guidance*. We received an unmodified opinion and a rating of pass from the reviewer which is the highest rating. We have received unmodified reports on all of our prior on-site reviews which are conducted every three years. These reports state our system of quality control met all AICPA standards and was being complied with to provide our firm with reasonable assurance of complying with professional standards (see enclosed copy of the 2015 peer review report).

CERTIFICATIONS

Collins, Barr & Hembree, Ltd. is independent of Mississippi Development Bank as defined by generally accepted auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

We have read the RFP and understand the requirements and contract clauses contained therein. We agree to comply with all such requirements and contract clauses.

SYSTEM REVIEW REPORT

October 27, 2015

To the Stockholders
Collins, Barr & Hembree, Ltd.
and the
Peer Review Committee of the Mississippi Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Collins, Barr & Hembree, Ltd. in effect for the year ended April 30, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Collins, Barr & Hembree, Ltd. in effect for the year ended April 30, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Collins, Barr & Hembree, Ltd. has received a peer review rating of *pass*.

Whitehorn Tankersley & Davis, PLLC

**SUMMARY OF PARTNER, SUPERVISORY AND STAFF
QUALIFICATIONS AND EXPERIENCE**

THE AUDIT TEAM

The individuals who will be assigned to the audit all have substantial auditing experience. This will allow us to complete the audit services in the most effective and efficient manner. Each of the individuals included in the audit team has received adequate continuing professional education within the preceding three year time period. No complaints have ever been leveled against our firm or individuals on the engagement team by the State Board of Public Accountancy or any other regulatory authority.

The team will consist of an engagement partner, responsible for the overall supervision of the engagement; a consulting and secondary reviewing partner, required for all engagements; and a manager and staff accountant, responsible for the day-to-day conduct of the work. We have brought together an experienced team that will provide MDB with quality work, in a timely manner and at a reasonable price. We have included the resumes of the audit team members in this proposal to provide detailed information on their audit experience.

FIRM EXPERIENCE

Auditing and accounting is a very important part of our practice. We have numerous clients that we have served for many years. The Firm's approach to completing this audit will include members of the firm with significant experience being heavily involved in the audit work. We commit to having a substantial portion of the audit completed by team members with 10 or more years of experience. In addition, we have served as independent auditors to Mississippi Development Bank and other governmental entities for many years. We believe this places our firm in the position of providing the highest level of service to the organization. The engagement team members have all been with our firm during the prior three years.

A partial listing that we have provided audit services to within the past three years is as follows:

Client	Dates	Array of Services
American Federation of Government Employees Local Number 2519, AFL-CIO	2015-2017	Annual audit of financial statements
Association for the Rights of Citizens with Disabilities of Mississippi	2015-2017	Annual audit of financial statements Tax preparation services
City of Madison Chamber of Commerce	2015-2017	Annual audit of financial statements Tax preparation services
City of Madison, Mississippi	2015-2017	Annual audit of financial statements and Single Audit
Living Independence for Everyone, Inc.	2015-2017	Annual audit of financial statements and the Uniform Guidance
MBFC CDE, Inc.	2015-2017	Annual audit of financial statements Tax preparation services
Mississippi Association of School Superintendents	2015-2017	Annual audit of financial statements Tax preparation services
Mississippi Association of Supervisors Insurance Trust	2015-2017	Annual audit of financial statements
Mississippi Business Finance Corporation	2015-2017	Annual audit of financial statements Tax preparation services
Mississippi Development Bank	2015-2017	Annual audit of financial statements
Mississippi School Boards Association Workers' Compensation Trust	2015-2017	Annual audit of financial statements
Mississippi School Boards Association Property and Casualty Trusts	2015-2017	Annual audit of financial statements
Pearl River Valley Water Supply District	2015-2017	Annual audit of financial statements and Single Audit
Region 8 Mental Health	2015-2017	Annual audit of financial statements and Single Audit

REFERENCES

Contact information for three audit clients we presently serve is as follows:

City of Madison, Mississippi

Address: Post Office Box 40, Madison, MS 39110

Contact: Honorable Mayor Mary Hawkins Butler
Susan Crandall, Director of Finance

Phone: 601-856-7116

Scope of Work: Annual audit of financial statements in accordance with
Government Auditing Standards / Single Audit

Duration of Contract: 1985 – 2017

Pearl River Valley Water Supply District

Address: 115 Madison Landing Circle, Ridgeland, MS 39157

Contact: Ms. Susan McMullan, Director of Finance

Phone: 601-856-6574

Scope of Work: Annual audit of financial statements in accordance with
Government Auditing Standards / Single Audit

Duration of Contract: 2014 – 2017

Region 8 Mental Health

Address: Post Office Box 88, Brandon, MS 39043

Contact: Mr. Dave Van, Executive Director
Mr. Emile Craig, Director of Administration

Phone: 601-824-0342

Scope of Work: Annual audit of financial statements in accordance with
Government Auditing Standards / Single Audit

Duration of Contract: 1994 – 2017

AUDIT SUPERVISION PLAN

We intend to commit a significant amount of partner time to this engagement. Robbie Barr will serve as partner on this engagement and will coordinate the overall services. Mr. Barr has over 30 years of experience in auditing and will be actively involved in the planning and fieldwork on the engagement. Rob Hembree has over 15 years of experience in auditing and will consult on the engagement as secondary partner. Todd Rhodus has over 10 years of experience in auditing and will serve as the audit manager on the engagement.

OTHER CAPABILITIES

We are specifically committed to the audits of governmental entities, which are a very important part of our firm's practice. We also perform a significant amount of management consulting services to governmental entities. These services include such matters as providing internal audit services, accounting assistance, preparation and revision of budgets, debt issues, designing and implementing accounting systems, internal control studies and various other special projects.

We have served numerous governmental organizations in Mississippi and are very familiar with their operations. We strongly believe that this prior experience will result in the delivery of our services to Mississippi Development Bank in the most efficient manner for the current year.

INDIVIDUAL RESUMES

**J. ROBERT BARR III, CPA
COLLINS, BARR & HEMBREE, LTD.**

Position

Partner

Education

Mississippi State University – Bachelor of Professional Accountancy,
Summa Cum Laude (1985)
CPA Certificate – Mississippi (1987)

Professional History and Experience

Collins, Barr & Hembree, Ltd., CPA's, Madison, MS (1989 – Present)
Deloitte & Touche, CPA's, Jackson, MS (1985 – 1989)

Mr. Barr serves as a partner with the firm. He brings over 30 years of experience in public accounting and oversees the firm's audit department. Mr. Barr specializes in auditing, tax, and management advisory services for a broad range of clients. Mr. Barr has been engaged in the audit of governmental and non-profit entities in each of the prior 30 years.

Industries served include:

Agriculture	Manufacturing
Banking	Mortgage Banking
Churches	Non-Profit
Contractors	Public Finance Corporation
Governmental	Real Estate
Health Care	Retail
Insurance	Transportation
Leasing	Water Associations

Professional and Community Affiliations

American Institute of Certified Public Accountants
Mississippi Society of Certified Public Accountants
First Baptist Church Madison – Past Chairman of Deacons
Past Chairman, Finance Committee
Madison Avenue Upper Elementary PTO – Past Vice President, Fiscal Affairs
Metro Baptist Association – Finance Committee

**ROB HEMBREE, CPA
COLLINS, BARR & HEMBREE, LTD.**

Position

Partner

Education

Mississippi College – Bachelor of Accountancy (2000)
CPA Certificate – Mississippi (2004)

Professional History and Experience

Collins, Barr & Hembree, Ltd., CPA's, Madison, MS (2000 – Present)

Mr. Hembree is a partner with the firm. He began his career with Collins, Barr & Hembree, Ltd. and was admitted to the partnership in 2010. Mr. Hembree's assurance practice includes governmental, the Uniform Guidance, non-profit, construction, and employee benefit plan audits. In addition, he provides management advisory services for a broad range of clients.

Industries served include:

Agriculture	Manufacturing
Churches	Non-Profit
Construction	Public Finance Corporation
Governmental	Real Estate
Health Care	Retail
Insurance	Transportation
Leasing	Water Associations

Professional and Community Affiliations

American Institute of Certified Public Accountants
Mississippi Society of Certified Public Accountants
Madison Lions Club – Past President, District Treasurer 30-S

**TODD RHODUS, CPA
COLLINS, BARR & HEMBREE, LTD.**

Position

Manager

Education

The University of Southern Mississippi – Master of Professional Accountancy (2005)
The University of Southern Mississippi – B.S.B.A. in Accounting (2004)
CPA Certificate – Mississippi (2010)

Professional History and Experience

Collins, Barr & Hembree, Ltd., CPA's, Madison, MS (2011 – Present)
Horne LLP, CPA's & Business Advisors, Ridgeland, MS (2006 – 2011)
Shearer, Taylor & Co., P.A., Ridgeland, MS (2005 – 2006)

Mr. Rhodus is a manager with the firm and brings over 10 years of experience in the public accounting environment. Over the years, Mr. Rhodus has served a wide range of industries including governmental, non-profit, banking, and manufacturing. He specializes in audits in accordance with the Uniform Guidance and has extensive experience providing internal audit services to governmental entities, non-profits, financial institutions, and U.S. Securities and Exchange Commission registered companies. In addition, Mr. Rhodus has experience conducting an evaluation of internal controls for multiple Mississippi state agencies as promulgated by the Mississippi Department of Finance and Administration.

Industries served include:

Aerospace and Defense	Public Finance Corporation
Banking	Real Estate Investment Trust
Construction	Non-Profit
Governmental	Securities Exchange Commission
Housing	Telecommunications
Insurance	Utilities
Manufacturing	Water Associations

Professional and Community Affiliations

American Institute of Certified Public Accountants
Mississippi Society of Certified Public Accountants
Madison Lion's Club – Officer, President
Madison Lion's Club – Lion of the Year Award, 2017
Mississippi Young CPA Network

**MICHELLE EMRICK
COLLINS, BARR & HEMBREE, LTD.**

Position

Senior Accountant

Education

Mississippi College – Bachelor of Accountancy (2007)
The University of Southern Mississippi – B.S.B.A. in Business (2000)

Professional History and Experience

Collins, Barr & Hembree, Ltd., CPA's, Madison, MS (2010 – Present)
PersonnelPlus, Inc., Ridgeland, MS (2006 – 2009)
GI Associates, P.A., Madison, MS (2002 – 2006)

Ms. Emrick is a senior accountant with the firm and has over 8 years of experience in public accounting. She primarily provides audit and attestation services with an emphasis in governmental and non-profit organizations. Ms. Emrick also practices in the areas of non-profit, corporate, and individual taxation and provides management advisory services for a broad range of clients.

Industries served include:

Contractors	Non-Profits
Insurance	Healthcare
Governmental	Water Associations

Professional and Community Affiliations

Junior Auxiliary of Madison County – Past Chairman, Placement Committee
Past Officer, Secretary

St. Francis of Assisi Early Learning Center – Advisory Council
Chairman, Fundraising Committee

UNDERSTANDING OF SERVICES

SCOPE OF ENGAGEMENT

We have an excellent understanding of the services to be performed. Our understanding has been developed through discussions with management, the request for proposal and review of prior years' audited financial statements.

We will conduct a financial audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and will include tests of the accounting records of Mississippi Development Bank and other procedures we consider necessary to enable us to express an unmodified opinion on the financial statements.

The audit procedures to be performed will be determined using a risk-based approach. Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. We will need to involve personnel from Mississippi Development Bank to provide information needed to obtain our understanding of the entity and its environment.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement. We will provide a listing of the documentation needed to complete the planned test work.

The individuals who will be assigned to the audit all have substantial audit and financial reporting experience. We believe this audit can be completed with a minimal amount of disruption and inconvenience to your personnel.

We will also assist in preparing a draft of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions.

We will work closely with management in planning and performing the audit procedures. Our goal will always be to maximize the benefits of the audit based on the resources allocated to these services.

As part of the audit, we will promote a two-way communication with management and those charged with governance. We will communicate clearly our responsibilities as the auditor of the financial statement audit and an overview of the planned scope and timing of the audit. In addition, we will provide timely observations arising from the audit that are significant and relevant to the organization's responsibility to oversee the financial reporting process.

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

Our commitment to Mississippi Development Bank is to provide outstanding service at a competitive rate. Our fees for the audit and taxation services for the year ended June 30, 2018 will be \$7,300 based on 73 hours worked at a blended rate of \$100 per hour. You may request that we perform additional services not addressed in this proposal. If this occurs, we will communicate with you regarding the scope of additional services and the fees, which are estimated be a blended rate of \$100 per hour depending on the classification and experience level of the employee required to adequately perform the services. We would be pleased to extend the pricing in this proposal to the years ended June 30, 2019 and June 30, 2020.

Collins, Barr & Hembree, Ltd. certifies that the prices submitted in response to the RFP have been arrived at independently and without, for the purpose of restricting competition, any consultation, communication, or agreement with any other offeror or competitor relating to those prices, the intention to submit a bid, or the methods or factors used to calculate the prices bid.

Collins, Barr & Hembree, Ltd. certifies that it is not currently debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of Mississippi and that it is not an agent of a person or entity that is currently debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of Mississippi.

Collins, Barr & Hembree, Ltd., the prospective Contractor, represents as a part of our proposal that we have not retained any person or agency on a percentage, commission, or other contingent arrangement to secure this contract.